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SUMMARY

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Lebanon

PLANNING AND DEVELOPMENT IN THE LEBANON

By Elias GANNAGE,
Doctor of Economics,
Professor in the Faculty of Law
and Economics,
Member of the Planning
and Economic Development Board

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PLANNING AND DEVELOPMENT IN THE LEBANON

By
ELIAS GANNAGE, DOCTOR OF ECONOMICS, PROFESSOR
IN THE FACULTY OF LAW AND ECONOMICS, MEMBER
OF THE PLANNING AND ECONOMIC DEVELOPMENT BOARD.

SUMMARY

The object of this paper is to describe planning efforts in the Lebanon. It is concerned with finding out, in a country where the liberal principles of the 19th century actuate the economy, how methods of planning which do not limit individual initiative can be introduced.

An appreciation of the Lebanese experiment first of all necessitates a knowledge of structures and then the formulation of a model which indicates the relative importance of the principal Lebanese total quantities.

I. Structures in the Lebanese economy.

This description of these originates from national income data, which are only approximate and are based on calculations for 1950 made by the American University. From these statistics the following deductions can be drawn:

1) The predominance of the commercial and banking sector. In the Lebanon the dualism appears as an excessive enlargement of the commercial and financial sector in relation to other sectors. The production of services amounts to two-thirds of the national income.

2) The importance of foreign trade. Imports represent 40% of the national revenue, whereas exports vary between 8% and 10%. A favourable balance of payments, due to the movement of capital, may nevertheless be noted.

3) The inequality of income distribution. 50% of the population belonging to the lower classes receive 18% of the national income, while, on the contrary, 4% of the upper class receives 32% of the national income.

II. Validity of a growth model in a liberal economy.

A quantative growth model worked out by the IRFED Mission (1), using the Harrod-Domar formula, has been submitted. This model is too abstract and can be faulted on the following points:

1) It is a tautological model which relates to a simple mathematical exercise without comprising any exogenous variables.

2) It excludes any possibility of structural change. Even in its revised form it neglects modifications taking place in the growth of different sectors.

3) Lastly it neglects the strategic variables of international trade. Their vagueness renders all attempts at planning in the Lebanon powerless.

In conclusion, the main fault of this model is the inadequacy of its statistical sources.

III. Planning within a framework of liberal economy.

Essentially the success of planning in the Lebanon will depend on the quality of the discussions between the persons responsible.

Two preliminary remarks:

1) Planning does not require exhaustive statistical information.

2) The Lebanon's choice in favour of a liberal economy, giving priority to individual initiative, is intrinsic, and its structures are fundamental. The participation of sector representatives in the planning is imperative.

On these assumptions, Lebanese planning will have the following characteristics:

1) It first of all necessitates an inventory of resources and an understanding of economic structures.

2) It also involves the participation of various decision-making groups in the formulation of the plan. Although discussions have not yet begun in the Lebanon, there are already objections to the agricultural plan and the formation of the Development Bank.

3) Planning must be a complementary and co-ordinating measure. As a complementary measure it must act through indirect incentives to the private sector (credit policy, monetary policy and tax policy). As a co-ordinating measure it must be a synthesis of partial or sector plans. The agricultural plan is a juxtaposition of specific existing projects instead of a coherent whole of structurated projects based on definite criteria. The other plans have not yet been worked out.

4) The plan aims to be a regional one. This is the essential characteristic of the Lebanese experiment. Technical groups in charge of the regional plan, polyvalent teams aimed at formulating detailed plans at the "caza" sub-regional level and community development workers and agricultural visitors at village level will constitute the mechanism of regional planning.

5) It requires good statistical data. An interesting experiment is to be undertaken by the Institute of Rural Economy, in collaboration with the Statistical Department, involving the calculation of national agricultural income based on farm accounts and a table of inter-sector exchanges.

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